



Department of Justice

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FORMER NATIONAL CENTURY FINANCIAL ENTERPRISES CEO CONVICTED OF CONSPIRACY, FRAUD AND MONEY LAUNDERING

Fraud cost investors more than \$2 billion

COLUMBUS - A federal jury here today convicted Lance K. Poulsen, former president, owner and chief executive officer of National Century Financial Enterprises (NCFE) of conspiracy, fraud and money laundering, Acting Assistant Attorney General Matthew Friedrich of the Criminal Division and U.S. Attorney Gregory G. Lockhart for the Southern District of Ohio announced. The charges stemmed from a scheme to deceive investors about the financial health of NCFE that cost investors more than \$2 billion. The company, which was based in Dublin, Ohio, was one of the largest healthcare finance companies in the United States until it filed for bankruptcy in November 2002.

The jury convicted Poulsen, 65, after a four-week trial on all 12 charged counts contained in a July 2007 superseding indictment, including one count of conspiracy, six counts of securities fraud, one count of wire fraud, one count of money laundering conspiracy and three counts of concealment money laundering.

At trial, witnesses testified that Poulsen engaged in a scheme from 1995 until the collapse of the company to deceive investors and rating agencies about the financial health of NCFE and how investors' money would be used. NCFE bought accounts receivable from healthcare providers using money NCFE obtained through the sale of asset-backed notes to institutional investors, including pension funds, insurance companies and churches.

Evidence at trial showed that NCFE misused investors' money and made unsecured loans to health care providers, including those owned in whole or in part by Poulsen and other owners. Former employees testified that Poulsen and other NCFE executives covered up the fraud by lying to investors and ratings agencies. The government presented evidence that Poulsen and others created investor reports containing fabricated data, and moved money back and forth between programs, in order to make it appear that NCFE was in compliance with its own governing documents.

Evidence showed that Poulsen knew the business model NCFE presented to the investing public differed drastically from the way NCFE did business within its own walls.

"Today's conviction closes another chapter in the long effort to bring former NCFE executives to justice for deceiving investors," said Acting Assistant Attorney General Matthew Friedrich of the Criminal Division. "The Department will continue to hold accountable those corporate executives who misrepresent a company's financial health and then leave the public to pick up the pieces."

"Poulsen and others made millions of dollars in unsecured loans to companies they owned," U.S. Attorney Lockhart said. "Their actions were designed to hide a financial house of cards from investors, eventually costing investors \$2 billion."

"The IRS, along with our law enforcement partners, will vigorously pursue corporate officers who victimize their investors and violate the public trust," said Internal Revenue Service (IRS) Criminal Investigation Special Agent in Charge Jose A. Gonzalez. "Today's verdict demonstrates the government's determination to restore and ensure that trust."

FBI Cincinnati Special Agent in Charge Keith L. Bennett stated, "The FBI notes that today's convictions are the culmination of a six year investigation which included the review of millions of pages of financial documents by federal investigators. The resolve of this cooperative effort demonstrates that the FBI and other law enforcement will not permit a few corporate executives to hijack our financial system for personal gain."

The maximum penalty for each count of concealment money laundering, money laundering conspiracy and wire fraud is 20 years in prison and a \$500,000 fine. The securities fraud and conspiracy charges are each punishable by up to five years in prison and a \$250,000 fine. A sentencing date has not been set.

Poulsen, the sixth NCFE executive convicted in connection with the fraud, has been in custody since he was arrested on Oct. 17, 2007, on charges of witness tampering. A jury convicted him of conspiracy, witness tampering and obstruction on March 26, 2008, and Poulsen was sentenced to ten years in prison on those charges.

On March 13, 2008, five former NCFE executives were found guilty for their roles in the scheme to defraud investors. Donald H. Ayers, of Fort Myers, Fla., an NCFE vice chairman, chief operating officer, director and an owner of the company, was found guilty on charges of conspiracy, securities fraud and money laundering. Rebecca S. Parrett, of Carefree, Ariz., an NCFE vice chairman, secretary, treasurer, director and an owner of the company, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering. Randolph H. Speer, of Peachtree City, Ga., NCFE's chief financial officer, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering. Roger S. Faulkenberry, of Dublin, Ohio, a senior executive responsible for raising money from investors, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering. James E. Dierker, of Powell, Ohio, associate director of marketing and vice president of client development, was found guilty on charges of conspiracy and money laundering.

The case was prosecuted by Assistant U.S. Attorney Douglas Squires of the Southern District of Ohio, Senior Litigation Counsel Kathleen McGovern and Trial Attorneys Leo Wise and N. Nathan Dimock of the Criminal Division's Fraud Section, with assistance from Fraud Section Paralegal Specialists Crystal Curry and Sarah Marberg, FBI Agents Matt Daly, Ingrid Schmidt and Tad Morris, IRS Special Agents Greg Ruwe and Mark Bailey, U.S. Postal Inspector Dave Mooney and Immigration and Customs Enforcement Agent Celeste Koszut.

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